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CENTRAL INTELLIGENCE AGENCY

15 October 1959

MEMORANDUM FOR: Mr. Allan Evans, State (INR)
Colonel J. W. Strain, USA (ACSI)
Captain A. D. Kilmartin, USN (ONI)
Colonel R. M. Lawson, USAF (AFCIN 2B2)
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[redacted] Director of Operational Services, NSA
Mr. Randolph V. Zander, Defense (OSO)

STAT

SUBJECT : SNIE 25-59: AUSTRIA'S POSITION BETWEEN EAST AND WEST

1. The attached estimate is forwarded for review.
2. Under consideration are possible conclusions to be added to this short estimate. Your views on this matter are solicited.
3. It is requested that your representatives meet with us at 1000, Tuesday, 20 October in Room 154 Administration Building to discuss this draft.

Chester L. Cooper
CHESTER L. COOPER
Deputy Assistant Director
National Estimates

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

15 October 1959

SUBJECT: SNIE 25-59: AUSTRIA'S POSITION BETWEEN EAST AND WEST^{1/}

THE PROBLEM

To reassess Austria's diplomatic and military posture vis-a-vis the Soviet Bloc and the West, with particular reference to (a) the extent of Austria's cooperation with the West in peacetime, and (b) Austria's probable actions in the event of a major international crisis or war.^{2/}

DISCUSSION

I. INTRODUCTION

1. Although the Austrian government and people are overwhelmingly pro-Western and anti-Communist in their basic orientation, Austria's freedom of action is sharply circumscribed both

^{1/} The title of this estimate, when used alone, should be classified FOR OFFICIAL USE ONLY.

^{2/} This estimate supersedes NIE 25-55, Outlook for an Independent Austria, 23 August 1955, for the particular issues discussed herein. Our earlier estimate remains basically valid as a longer analysis of Austria's prospects and of the factors governing its foreign and military policy.

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by Austria's vulnerable position vis-a-vis the Bloc and by the specific commitments to neutrality which Austria made in connection with the ending of the occupation in 1955. The State Treaty of May 1955 does not contain any provisions for Austrian neutrality. However, it was preceded by an Austrian-Soviet memorandum of understanding calling for Austrian adoption of a neutrality "of the type maintained by Switzerland", and was followed in October 1955 by the Austrian Parliament's adoption of a constitutional amendment committing Austria to "perpetual neutrality" and promising that Austria would neither enter into military alliances nor allow the establishment of foreign bases on its territory. Although this commitment, strictly speaking, provided only for military neutrality, Austrian international conduct since 1955 has in practice been judged by the Austrians in terms of its consistency with a broader and still evolving concept of neutrality.

2. Initially, Austria made little effort to conceal its affinity with the West as against the Bloc. For example, it gave asylum to the Hungarian refugees, expelled the secretariat of the Communist-backed World Peace Council, joined the Council of Europe, and turned primarily to the US for assistance in developing its modest military establishment.

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3. Over the last year or two, however, Austria has tended to display somewhat greater caution and restraint. This recent tendency in Austrian policy has been brought about largely by the growth of Soviet power and by the increasingly active efforts of the USSR to convince Austria, as well as other Western countries, of the need to come peacefully to terms with it. Thus, while Austria has kept up its close economic and cultural ties with the West, it has made a number of gestures to the USSR, notably a series of cordial high-level visits and the development of extensive personal and cultural exchanges. In addition, Austria has abstained both in 1958 and 1959 on the Communist China recognition issue in the UN and is now supporting Poland's candidacy for the Security Council. It has adhered to the Danube Convention. It sharply protested US military overflights of its territory during the Lebanon crisis of 1958. Meanwhile, there has been increased talk in both major parties of the desirability of adopting a more detached neutrality such as that of Switzerland. Chancellor Raab and others have even alluded to the possibility of Austria's serving as a "bridge" between East and West.

4. The Austrians will continue to be drawn toward the West by economic self-interest, cultural affinity, and political sympathies. However, they will almost certainly remain sensitive

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to Soviet pressures and inducements, and continue to believe that there is much to gain and little to lose by remaining on good terms with the USSR.

II. PROBABLE AUSTRIAN COURSES OF ACTION IN PEACETIME

Political

5. Despite its pro-Western sympathies, Austria will probably remain careful to avoid any appearance of partisanship. It will probably abstain in the UN and other international bodies on issues where East-West issues are sharply drawn and will attempt to play down the political importance of its economic and other connections with the West. Some Austrian leaders may attempt to play the mediator between East and West on European security problems, possibly causing some embarrassment to the US and its NATO partners, but they are unlikely to go very far because of the general Austrian desire to maintain Western military strength in Europe and because of widespread Austrian skepticism about Austria's ability to play such a role. The Austrians will probably make much of their willingness to increase cultural and official exchanges with the Bloc, believing that the anti-Communist outlook of the Austrian people and the breadth of

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existing popular and official contacts with the West will make such exchanges limited in value to the Soviets.

Economic

6. The USSR has made no specific objection to Austria's membership in the Outer Seven. However, the Outer Seven's difficulties with the European Economic Community (EEC, or the Six) pose a potentially serious conflict between Austria's need for access to EEC markets and its desire to avoid offending the USSR, which regards Western European economic integration and especially its supranational, political implications with great suspicion. Austria will almost certainly seek some arrangement between the two organizations which enables it to participate without political or other supranational strings which could bring Soviet objection. If no alternative were available, however, the magnitude of Austria's economic stake would probably impel it to go along with a more direct tie with the EEC despite Soviet protests.

7. Austria's trade with the Bloc is now less than 15 percent of total foreign trade. The ending of reparations deliveries in 1961 will leave the Austrians with some industrial capacity that will probably seek Bloc markets, and Austrian industrialists

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are not averse to expansion of Bloc trade. If Western markets remain open, however, such expansion is unlikely to be of such magnitude as to create serious dependence on the Bloc or the basis for heavy Bloc leverage.

Military

8. The size and nature of the Austrian military establishments have been determined by a combination of neutrality concepts and considerations of fiscal economy. Austrian military spending has never been more than two percent of GNP, and the present army strength of 47,000 is well short of the goal of 60,000 by 1960. At present, Austrian forces are capable of little more than maintaining internal security. Austria has now put forward a proposal for a ready reserve of 120,000 which would increase Austrian defensive capabilities by freeing the regular forces for use as a strategic force. The Austrian Air Force is still in its formative stage and has no combat capability.

9. Between 1955 and 1959, the US delivered \$100 million worth of equipment, supplying the major needs of the Austrian army. An additional \$20 million remains to be delivered as the final increment of the original program. However, Austria has

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now requested US assistance in equipping the proposed 120,000-man reserve force, and such assistance would probably involve a sizeable new program.

10. Efforts to reduce the defense budget are now being made by the Austrian Socialist Party which is motivated by a desire to expand welfare programs, and also by a residual distrust of standing armed forces carried over from the 1934 experience. Although these efforts will probably be defeated, the over-all Austrian mood is such that no substantial increases in defense spending are likely in the future.

11. If the US were to decline to support at least a scaled-down version of the reserve proposal, or to continue supplying key items of equipment to the regular army beyond the expiration of the present program, it is possible that the Austrians would accept Soviet aid. The way for this has been prepared by Soviet offers, including jet aircraft at bargain prices, and by exchanges of visits by the respective Defense Ministers. Nevertheless, the Austrians much prefer to deal with the US, and some military leaders might even wish to turn to West Germany as West German productive capacity expands. On the other hand, a limited amount of Soviet aid might appear a useful balancer, in keeping with a growing "total neutrality" posture. In a final Austrian choice

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between accepting Soviet aid (at least for key items) and leaving their military establishment as it is, we think the odds would be about even.^{3/}

12. In other aspects of peacetime military cooperation with the West, Austria will almost certainly continue restrained. It will almost certainly not be willing to enter into any formal accord calling for secret joint military planning with the West; the most that could be hoped for, assuming US aid continues, would be some personal covert contacts to discuss plans against the contingency of a Soviet invasion. The Austrian opposition to overflights is unlikely to be modified even for isolated US missions; the Austrians might, however, agree to operate forward early warning radars in Eastern Austria, and to supply the results to the US in some covert manner.

^{3/} Editor's Note. In attempting to assess the consequences of possible US denial of Austrian requests for military aid, we have looked in vain in the contributions for a rounded forecast of the form such requests might take, e.g., whether they would seek solely support for the new reserve proposals, or might ask for aircraft and other equipment not in the present regular forces program. We are also not clear as to the precise status of the remaining \$20 million (or \$300,000, saith the State contribution) of the original aid program, whether this is in pipeline or might conceivably be reallocated -- and whether this will be an element in discussion with Defense Minister Graf. Clarification on these points will be necessary if this crucial paragraph is to be of maximum use to policy-makers.

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III. PROBABLE AUSTRIAN COURSES OF ACTION IN A MAJOR INTERNATIONAL CRISIS OR GENERAL WAR

13. In the event of a grave international crisis or general war, the Austrian government would probably endeavor to pursue a policy of strict neutrality. Austrian opinion, however, would be clearly favorable to the West, and the government would find it difficult, and even reprehensible, to prevent expressions of pro-Western sympathy and the occurrence of minor acts in favor of the West.

14. Austrian reaction to violations of its neutrality would vary considerably depending upon the identity of the violator, the particular balance of military power pertaining, and the estimated likely counteractions of the other power bloc.

a. Any serious violations of Austrian neutrality by the Soviet Bloc (e.g., invasions, territorial encroachment, extensive overflights), under whatever circumstances, would probably lead Austria to appeal for Western aid, and to enter into active cooperation with the West. If invaded, Austria would make a maximum -- though essentially limited -- defensive effort only if assured of prompt Western military support.

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b. Lesser violations by the Soviet Bloc (e.g., sporadic overflights, interruption of trade) would occasion Austrian protests and appeals to the UN, and incline Austria closer to the West. However, such leanings would probably stop short of active cooperation especially if Soviet actions appeared to be a response to, or were balanced by, similar Western actions. Soviet requests for special concessions (e.g., transit rights) would be rigidly turned down so long as similar concessions had not been made to the West and the West maintained a significant military capability near at hand.

c. In the event of Western violations of Austrian neutrality, without prior Soviet Bloc violation, Austria would attempt to maintain the form, if not always the spirit, of protecting its neutrality against Western encroachments. In general, short of serious violations by the West, Austria would probably limit itself to rather pat diplomatic protests, either directly or through the UN. Incursions by Western ground forces, on the other hand, would probably elicit an Austrian counteraction, although it is unlikely that Austrian forces would seriously engage Western forces if Western action were limited to Western Austria and

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appeared essentially of a denying nature. Moreover, Austrian hesitance to engage would be reinforced by the anticipation that such engagement would probably result in large-scale Austrian defection to the Western forces. Western overflights would probably draw heated complaints. Austria's extreme sensitivity on this score is evidenced by official statements issued as early as the time of the State Treaty, and dramatized in the more recent protests to US violations during the Lebanon crisis. However, wholehearted counteraction would be unlikely, and in any event would currently be ineffective.

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